

STATE OF SOUTH CAROLINA

(Caption of Case)

Palmetto Clean Energy, Inc. ("PaCE") Program
Rate ScheduleBEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2007 - - E

(Please type or print)

Submitted by: Len S. AnthonySC Bar Number: 405Address: Progress Energy Carolinas, Inc.Telephone: 919/546-6367P. O. Box 1551, PEB 17A4Fax: 919/546-2694Raleigh, NC 27602

Other: _____

Email: len.s.anthony@pgnmail.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificati
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigatic
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input checked="" type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



December 5, 2007

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
The Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

Re: Palmetto Clean Energy, Inc. ("PaCE") Program Rate Schedule

Dear Mr. Terreni:

Please find enclosed for the Public Service Commission of South Carolina's consideration and approval an original and ten (10) copies of Progress Energy Carolinas, Inc.'s ("PEC") rate schedule for the PaCE Program to be effective February 1, 2008.

PEC's PaCE Program rate schedule provides customers the option, at the customer's sole election, to support the development of renewable energy resources, such as wind, solar, hydro, and biomass. If a PEC customer chooses to participate in the program, PEC will collect the customer's contribution (in accordance with the enclosed rate schedule) and remit such funds to Palmetto Clean Energy, Inc., a South Carolina non-profit corporation with tax exempt status under Section 501(c)(3) of the Internal Revenue Code. PEC has also enclosed for the Commission's information a copy of PaCE's Internal Revenue Service Determination Letter, dated November 16, 2007.

PaCE was incorporated on August 6, 2007 and is governed by a five-member board comprised of representatives of the Office of Regulatory Staff, the South Carolina Energy Office, PEC, South Carolina Electric & Gas Company, and Duke Energy Carolinas, LLC. The PaCE board members are not compensated for their governance services and the participating entities have no equity interest in the corporation. PaCE was established to serve as a third party administrator of PaCE Program contributions. In this capacity, PaCE will (1) aggregate customer demands via voluntary customer participation in the PaCE Program tariff; (2) qualify Renewable Generators ("RGs"); (3) issue Requests for Proposal for renewable resource generation; and (4) select and contract with RGs.

RGs will also enter into a Power Purchase Agreement with the electric utility that will receive the energy the RG produces at that utility's approved avoided cost rate. The RG is responsible for delivering the contracted power to the utility's grid at which time the utility will pay the RG for the power delivered and the RG will report to PaCE the power it has generated. Based on the RG's power generation report, PaCE will then pay

the RG the premium specified in the RG's contract with PaCE, provided sufficient funds are available.

In summary, PaCE is a renewable energy program designed to encourage the development of renewable energy resources that improve the environment through reduced greenhouse gas emissions. PEC's customers can elect to fund green power purchases by the three major investor-owned utilities in South Carolina: PEC, South Carolina Electric & Gas Company, and Duke Energy Carolinas, LLC. Contributions to the PaCE Program will help provide financial incentives for generators of electricity from renewable resources.

Pursuant to S.C. Code Ann. § 58-27-870(F) (Supp. 2006), the Commission may issue an order allowing rates and tariffs to be put into effect without notice and hearing when such rates "do not require a determination of the entire rate structure and overall rate of return, or...do not result in any rate increase to the electrical utility." Because the PaCE Program will not require a determination of the entire rate structure or result in an increase in rates for customers, PEC respectfully requests that the Commission review the attached rates and approve such rates and tariffs without notice or hearing.

By copy of this letter and pursuant to S.C. Code Ann. § 58-3-140 (Supp. 2006), PEC is also providing a copy of the enclosed tariff to the Executive Director of the Office of Regulatory Staff.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/

Len S. Anthony
Deputy General Counsel – Regulatory Affairs

Enclosures

cc: C. Dukes Scott, ORS

LSA:mhm

258395

Carolina Power & Light Company
EXHIBIT NO. 1
d/b/a Progress Energy Carolinas, Inc.
(South Carolina Only)

**PALMETTO CLEAN ENERGY PROGRAM
RIDER PaCE-1**

AVAILABILITY

This Rider is available on a voluntary basis in conjunction with any of Company's Schedules for Customers who contract with Company for a block or blocks of electricity produced from Renewable Resources. The maximum number of customers participating under this Rider shall be determined by the maximum number of blocks of electricity available through the Palmetto Clean Energy ("PaCE") Program.

This Rider is not available for temporary or resale service.

The provisions of the Schedule with which this Rider is used are modified only as shown herein.

MONTHLY RATE

In addition to all other charges stated in the Monthly Rate of the Schedule with which this Rider is used, the following charge shall also apply to each block Customer purchases:

\$4.00 per block

This Rider's Monthly Rate shall be applied to Customer's billing regardless of Customer's actual monthly kilowatt-hour consumption.

DEFINITIONS

1. Block of Electricity: A block of electricity is equal to 100 kWh.
2. Renewable Energy Resources: For the purposes of this Program, Renewable Energy Resources shall be those sources of energy, as approved by PaCE and listed on the PaCE website (www.palmettocleanenergy.org), used to generate electricity for delivery to the electric grid.

SPECIAL CONDITIONS

The actual amount of electricity provided by Renewable Resources under this Rider to the electric grid during any specific month may vary from the number of blocks customers have purchased. However, over time, the relationship between the deliveries of blocks to the purchases of blocks will achieve unity.

The electricity purchased from the Renewable Resources may not be specifically delivered to Customer, but will displace electricity that would have otherwise been produced from traditional generating facilities for delivery to customers. This electricity shall be provided to the electricity grid.

DISTRIBUTION OF RIDER FUNDS

Charges under this Rider, less any applicable sales and franchise taxes or payments in lieu thereof, will be used to offset the higher cost of producing, purchasing, and/or acquiring the Renewable Resources.

CONTRACT PERIOD

The Contract Period under this Rider shall be for one (1) year. After the initial period, Customer or Company may terminate service under this Rider by giving the other party at least thirty (30) days notice.

GENERAL

Service rendered under this Rider is subject to the provisions of the Service Regulations of Company on file with the state regulatory commission.

PaCE is a tax-exempt corporation seeking to promote development of renewable energy resources within the State of South Carolina. All funds collected pursuant to this Rider are used solely to encourage and secure renewable energy resources.

Circumstances and/or actions which may cause the Company to terminate the availability of this Rider include but are not limited to: the retail supply of electric generation is deregulated; Company's participation in the PaCE Program is terminated; or other regulatory and/or legislative action supersedes or contravenes the Rider or the PaCE Program.

Effective for all bills rendered on or after February 1, 2008

SCPSC Docket No. 2007-XXX-E, Order No. _____

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: NOV 16 2007

PALMETTO CLEAN ENERGY INC
C/O CHARITY BABINGTON FALLS
401 S TRYON ST STE 3000
CHARLOTTE, NC 28202-0000

Employer Identification Number:
26-1100221
DLN:
17053292031017
Contact Person:
RONALD D BELL ID# 31185
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
August 7, 2007
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
December 31, 2011
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

PALMETTO CLEAN ENERGY INC

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert Choi". The signature is fluid and cursive, with the first name "Robert" and last name "Choi" clearly distinguishable.

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC
Statute Extension

Part X Public Charity Status (Continued)

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety. ☐
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit. ☐
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. ☒
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). ☐
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status. ☐
- 6 If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.
- a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling. ☒

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

Robert E. Long
(Signature of Officer, Director, Trustee, or other authorized official)

Robert E. Long

(Type or print name of signer)

10/15/2007

(Date)

Board Chair

(Type or print title or authority of signer)

For IRS Use Only

Robert E. Long

IRS Director, Exempt Organizations

NOV 16 2007

(Date)

- b **Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii). ☐
- (i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. _____
- (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box. ☐
- (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box. ☐
- (b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box. ☐
- 7 Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. ☒ Yes ☐ No